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# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil, Gas and Mining

JOHN R. BAZA  
Division Director

September 20, 2012

Certified Return Receipt  
7011 0110 0001 3568 3803

Donald G. Foot, Jr.  
Amnor Energy, Inc.  
575 West 2600 South  
Bountiful, Utah 84010

Subject: Division Directive, Company, Amnor Energy Inc., Coyote Knolls Mine, S/023/0086, Juab, County, Utah

Dear Mr. Foot:

The Division of Oil, Gas and Mining was informed that the disturbed area for the referenced mine has been increased to 11.6 acres. This acreage figure was measured by the Bureau of Land Management, but based on an inspection conducted September 18, 2012, the Division has confirmed it is at least approximately correct. The Notice of Intention to Commence Small Mining Operations (NOI) and the reclamation surety are for only five acres of disturbance.

By letter dated June 11, 2012, the Division informed you that the amendment to increase the size of the mine from five to ten acres was complete but that it was necessary to increase the surety. The Division has not received this additional surety. In addition, there is a water well that is not discussed in the NOI. The Amnor water rights in this area are for a six-inch well 450 feet deep. Without agreement from the land owner to retain this well following reclamation, this well is considered a reclamation liability that needs to be included in the reclamation cost estimate.

Based on average "per acre" costs, the amount of reclamation surety required for a three-year escalation is **\$73,700.00** or **\$75,000.00** for a five-year escalation. This was determined based on information in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation 2012	Comments
1 or less acres	\$7,900 (3-year escalation) \$8,100 (5-year escalation)	Minimum amount required
Additional acres (11)	\$4,800/ acre (3-year escalation) \$4,900/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 12 acres	(i.e. Maximum of 12 acres = \$7,900 +\$52,800 = \$60,700) (3-year escalation) (i.e. Maximum of 12 acres = \$8,100+\$44,100	

	= \$62,000) (5-year escalation)	
Over 5 acres	Additional \$3,000 mob/demob can be included for a second piece of equipment if the Division believes that two different types of equipment would be needed. $\$60,700 + \$3,000 = \$63,700.00$ $\$62,000 + \$3,000 = \$65,000.00$	\$1,300 difference between 3 and 5 year escalation amount for 12-acres of disturbance
Water Well	\$10,000 to plug a 6-inch hole 450 deep.	
Total 3 year		\$73,700.00
Total 5 year		\$75,000.00

No later than October 1, 2012, you are directed to:

- Amend the NOI by providing a map and narrative which describes the current disturbance (and acreage).
- Revise the reclamation surety by increasing the amount to **\$73,700.00** for a three-year escalation or **\$75,000.00** for a five-year escalation.

*If you wish to change the form of surety to a letter of credit, certificate of deposit, or a surety bond, please contact Penny Berry at (801) 538-5291 or by email at pennyberry@utah.gov to obtain the appropriate form.*

Failure to provide the amended NOI and update the reclamation surety as directed will result in enforcement action being taken by the Division which may include withdrawal of your permit and an order to commence reclamation of the site immediately.

If you have questions or concerns regarding this letter, please contact me at (801) 538-5261 or Wayne Western at (801) 538-5263. Thank you for your help in completing this very important regulatory requirement.

Sincerely,



Paul B. Baker  
Minerals Program Manager

PBB:whw:pb

cc: JMansfie@blm.gov  
OAbeyta@blm.gov  
DBayes@blm.gov

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